

# NIKUNJ KAPADIA

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Department of Finance  
Isenberg School of Management  
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## ACADEMIC APPOINTMENTS

Associate Dean of Graduate Programs, Isenberg School of Management, University of Massachusetts, Amherst, September 2023 -

Chair, Finance Department, Isenberg School of Management, University of Massachusetts, Amherst. September 2020 – August 2020

Professor in Finance, Isenberg School of Management, University of Massachusetts, Amherst. September 2012 – present

Associate Professor in Finance, Isenberg School of Management, University of Massachusetts, Amherst. September 2003 – August 2012

Assistant Professor in Finance, Isenberg School of Management, University of Massachusetts, Amherst. September 1996 – August 2003.

## EDUCATION

Ph. D. in Finance  
New York University, September 1995.

Post-Graduate Diploma in Management (M.B.A.)  
Indian Institute of Management, Bangalore, May 1986.

Bachelor of Engineering  
Maharaja Sayajirao University, Baroda, 1984.  
Major: Chemical Engineering.

## EDITORIAL POSITIONS

Co-Editor in Chief, Journal of Credit Risk (2020 to 2023)

Editorial Board

Journal of Financial Stability (2019 to present)  
Journal of Derivatives (2011 to present)  
Journal of Credit Risk (2018 to 2020)  
Financial Analyst Journal (2002)

Open Business Journal (2008 to 2011)

### **AWARDS & GRANTS (Recent)**

Office of Financial Research, United States Treasury, 2012

College Researcher of the Year Award, Isenberg School of Management, 2006-07, and 2011-12.

Research Fellow, Isenberg School of Management, 2007-09

College Outstanding Teaching Award, Isenberg School of Management, 2007-08.

Caesarea Center Award for Best Paper, Western Finance Association, 2005.

Fellow of the Federal Deposit Insurance Corporation's Center for Financial Research, 2004.

### **RESEARCH**

#### **Research Interests**

Volatility, Equity Derivatives, Credit Risk

#### **Publications**

1. Hasan, Mohammad, Kapadia, Nikunj, and Akhtar Siddique, 2017, "Issuer Bias in Corporate Ratings towards Financially Constrained Firms," *Journal of Credit Risk* 13(4) (December) pp. 1-35.  
Lead article
2. George Bissas, Brian Levine, and Nikunj Kapadia, 2017, "Market-based Security for Distributed Applications." In Proc. of the ACM Workshop on New Security Paradigms, 19-34 (October). doi: 10.1145/3171533.3171541
3. Ball, Daniel, Abhijit Deshmukh, and Nikunj Kapadia, 2015, "An Options-Based Approach to Coordinating Distributed Decision Systems," *European Journal of Operational Research* 240 (3), 706-717.
4. Kapadia, Nikunj and Gregory Willette, 2012, "Equilibrium Exercise of European Warrants," *Review of Derivatives Research*, 15 (2), 129-156.
5. Kapadia, Nikunj and Xiaoling Pu, 2012, "Limited Arbitrage Between Equity and Credit markets," *Journal of Financial Economics*, 105 (3), 542-564.

6. Kapadia, Nikunj and Edward Szado, 2007, "The Risk and Return Characteristics of the Buy-Write Strategy on the Russell 2000 Index," *Journal of Alternative Investment*, 8 (1), pp. 39-56.
7. Das, Sanjiv, Darrell Duffie, Nikunj Kapadia, and Leandro Saita, 2007, "Common Failings: How corporate defaults are correlated," *Journal of Finance* 62(1), 93-118.  
Best Paper prize at the Western Finance Association.  
Reprinted in: *The Foundations of Credit Risk Analysis*, Eds. Willi Semler and Lucas Bernard, MA: Edward Elgar Publishing, 2007.
8. Das, Sanjiv, Laurence Freed, Garg Geng, and Nikunj Kapadia, 2006, "Correlated Default Risk," *Journal of Fixed Income* 16(2), 7-32  
Lead article.
9. Bakshi, Gurdip and Nikunj Kapadia, 2003, "Volatility Risk Premiums Embedded in Individual Equity Options: Some New Insights," *Journal of Derivatives*, 11(1), 45-54.
10. Bakshi, Gurdip and Nikunj Kapadia, 2003, "Delta-Hedged Gains and the Negative Market Volatility Risk Premium," *Review of Financial Studies*, Volume 16 (2), 527-566.
11. Bakshi, Gurdip, Nikunj Kapadia and Dilip Madan, 2003, "Stock Return Characteristics, Skew Laws, and the Differential Pricing of Individual Equity Options," *Review of Financial Studies*, Volume 16 (1), 101-143.
12. Kapadia, Nikunj "Negative Vega? Understanding Options on Spreads," 1999, *Journal of Alternative Investment*, Vol. 1, Number 4, 75-78.

### **Other Publications**

13. Harit, Tuhin and Nikunj Kapadia, 2017, "Can Shareholder Activism Save the Environment," *The Global Analyst*, Volume 6 (11) November, pp. 14-18
14. Kapadia, Nikunj and Ed Szado, 2012, "Fifteen Years of the Russell 2000 Buy-Write," *Journal of Investing*, Winter, 1-22  
Lead article
15. "Rating Agencies: The Road Ahead," January 2009, *Chartered Financial Analyst*, 36-37.
16. "Default Correlation," 2008, in *Encyclopedia of Quantitative Risk Assessment and Analysis*, Melnick, E., and Everitt, B. (eds). John Wiley and Sons Ltd, Chichester, UK, pp 470-476.

17. "Simply Credit: Useful Things to Know about Correlated Default Risk," (with Sanjiv Das, Gifford Fong, Laurence Freed and Gary Geng), 2001, *Extra Credit*, Nov-Dec, 14:23.
18. "Volatility Risk Pricing," 1997, *The Blackwell Encyclopedic Dictionary of Finance*, Edited by Dean Paxson and Douglas Wood, Blackwell Publishers, Cambridge, MA.
19. Book Review, "Dictionary of Risk Management", *Journal of Derivatives*, 1996.

### **Working Papers**

1. "What's Gone Wrong with Option Liquidity: Evidence from Knight Capital's Trading Glitch", 2020 (with Matthew Linn)
2. "Volatility and Tail Indices from Option Prices," September 2017 (with Jian Du)

### **Presentations**

1. European Finance Association (August 2020). "What's Gone Wrong with Option Liquidity: Evidence from Knight Capital's Trading Glitch". Presented by co-author.
2. 60th Canadian Operational Research Society (CORS) Conference (June 2018), Halifax, Nova Scotia
3. Plenary lecture (May 2017), Center for Financial Studies, Lally School of Management, Rensselaer Polytechnic Institute, Troy, NY
4. Indian School of Business (December 2015). "How Ratings Account for the Feedback Effect."
5. The Economics of Credit Rating Agencies, Credit Ratings and Information Intermediaries, Conference, Carnegie Mellon University (December 2015). "How Ratings Account for the Feedback Effect."
6. China International Conference in Finance (July 2014). "The Conservative Issuer Bias in Corporate Credit Ratings".
7. University of New South Wales, Sydney (June 2014). "Volatility and Tail Indices from Option Prices."
8. University of Technology, Sydney (June 2014). "Volatility and Tail Indices from Option Prices."

9. ITAM Finance Conference, Mexico City (June 2014). “Volatility and Tail Indices from Option Prices.”
10. Optionmetrics Conference (October 2013). “Volatility and Tail Indices from Option Prices.”
11. European Finance Association, Cambridge (August 2013). “Volatility and Tail Indices from Option Prices”.
12. Federal Reserve Board, Washington DC (October 2012). “Volatility and Tail Indices from Option Prices”.
13. Fixed Income Conference, University of South Carolina (April 2012). “Can credit risk be hedged in equity markets?”
14. Villanova University (April 2012). “The Tail in the Volatility Index.”
15. Fifth Singapore International Conference (July 2011). “The Tail in the Volatility Index.”
16. RiskMinds USA (Boston, 2011). Talk on “Understanding tail risk using indexes from option prices.”
17. Yale University IFLIP (May 2011). “The Tail in the Volatility Index.”
18. Baruch College, City University of New York (May 2011). “The Tail in the Volatility Index.”
19. Morgan Stanley (New York, February 2011). “The Tail in the Volatility Index.”
20. Morgan Stanley (Mumbai, January 2011). “The Tail in the Volatility Index.”
21. American Finance Association, Denver (2011). “Limited Arbitrage between Equity and Credit Markets.”
22. Indian School of Business (2010). “Limited Arbitrage between Equity and Credit Markets.”
23. Fordham University (2009). “Limited Arbitrage between Equity and Credit Markets.”
24. China International Conference in Xian (July 2009). “Limited Arbitrage between Equity and Credit Markets.”

25. Second Annual Conference of the Paul Woolley Center, London School of Economics (May 2009). "Limited Arbitrage between Equity and Credit Markets."
26. Journal of Investment Management Conference (October 2008). "Limited Arbitrage between Equity and Credit Markets."
27. IDC Herzliya (May 2008). "Limited Arbitrage between Equity and Credit Markets."
28. Standard and Poor's Corporation (February 2007). "Correlated Default Risk."
29. China International Conference in Xian (July 2006). "Equilibrium Exercise of European Warrants".
30. Concentration Risk in Credit Portfolios (November 2005), Joint Workshop of the Deutsche Bundesbank, the Basel Committee on Banking Supervision and the Journal of Credit Risk. "Common Failings: How Corporate Defaults are Correlated."
31. Wilfred Laurier University (November 2005). "Common Failings: How Corporate Defaults are Correlated."
32. Western Finance Association, Portland (2005). "Common Failings: How Corporate Defaults are Correlated,"
33. Moody's and London Business School Credit Risk Conference (2005). "Common Failings: How Corporate Defaults are Correlated."
34. Federal Reserve Board of New York (2005).
35. University of Virginia (2004). "Strategic Exercise of European Warrants."
36. Federal Deposit Insurance Corporation, Washington DC (2004). "Correlated Default Risk."
37. Office of the Comptroller of the Currency, Washington D.C. (2004). "Correlated Default Risk."
38. Annual Meeting of the European Finance Association Conference, Glasgow (2003). "Correlated Default Risk."
39. American Finance Association Conference, Washington, D.C. (2003). "Correlated Default Risk."
40. Citigroup, New York (2002). "Correlated Default Risk."

41. Mathematical Sciences Research Institute Conference on Event Risk, New York (2002). "Correlated Default Risk."
42. Annual Meeting of the Society of Actuaries, Boston (2002). Panel on "Setting Credit Risk Limits."
43. Georgetown University Seminar Series (2002). "Dilution and the Valuation of Non-Identical Warrants and Options."
44. Tulane University Seminar Series (2002). "Dilution and the Valuation of Non-Identical Warrants and Options."
45. Institutional Investors' Fixed Income Forum, Boston (2001). "Correlated Default Risk."
46. American Finance Association, New Orleans (2001). "Delta-Hedged Gains and the Negative Market Volatility Risk Premium."
47. 11<sup>th</sup> Annual Derivatives Conference, New York (2001). "Delta-Hedged Gains and the Negative Market Volatility Risk Premium."
48. Western Finance Association Meeting, Idaho (2000). "Stock Return Characteristics, Skew Laws, and the Differential Pricing of Individual Equity Options."
49. Boston University Research Seminar (1998). "Do Equity Options Price Volatility Risk?"
50. Western Finance Association Meeting, Monterey (1998). "Do Equity Options Price Volatility Risk?"
51. Financial Management Association Meeting, Chicago (1998). "Do Equity Options Price Volatility Risk?"
52. Virginia Polytechnic University Seminar Series (1996). "Do Equity Options Price Volatility Risk?"
53. University of Massachusetts, Amherst (1996). "Do Equity Options Price Volatility Risk?"
54. University of New Orleans Seminar Series (1996). "Do Equity Options Price Volatility Risk?"
55. Financial Management Association, St. Louis (1995). "Systematic Volatility in Stock Returns."

56. European Finance Association Meeting, Milan (1995). “The Price of Volatility Risk.”
57. European Finance Association Meeting, Brussels (1994). “Systematic Volatility in Stock Returns.”
58. European Finance Association, Copenhagen (1993). “Information Arrival and Real Investment.”

## **TEACHING**

### **Teaching Interests**

Investments, International Finance, Derivatives, Advanced Corporate Finance

### **Teaching Experience**

University of Massachusetts, Isenberg School of Management

Professor, September 2012 - present

Associate Professor, September 2003 – August 2012

Assistant Professor, September 1996 – August 2003

Courses taught: International Finance, Doctoral Seminar in Options, Advanced Investments, Financial Modeling

Indian School of Business, Hyderabad

Visiting Faculty, Term 7, 2005 – 2014

Courses taught: Capital Raising Strategies for Corporations, Financial Engineering

University of Maryland, Smith School of Business

Visiting Faculty, 2003-04

Courses taught: Advanced Corporate Finance, Mergers and Acquisitions

New York University, Stern School of Business

Visiting Assistant Professor, 1995-96

China-Europe International Business School, Shanghai

Executive Programs in Beijing and Shanghai, 2000-03

Dianos, Milano, Italy

Executive Programs, 2001-02

### **DOCTORAL STUDENTS (Chair)**

Xiaoling Pu, Kent State

Jian Du, Moody’s Investor Services

Xuan Che, Wells Fargo Bank



Fei Fang, Clark University  
Asli Eksi, Salisbury University  
Saurabh Roy, University of Quebec in Montreal (UQAM)

## **SERVICE TO PROFESSION**

### **Panel and Program Committee**

Midwest Finance Conference (2020)  
Mid-Atlantic Research Conference, Villanova University (2010).  
European Finance Association (2003-2009)  
Financial Management Association (2001, 2007)

### **Session Chair**

Session Chair, Midwest Finance Conference (August 2020)  
Mid-Atlantic Research Conference, Villanova University (March 2010)  
European Finance Association (1995, 2003)  
Financial Management Association (2011)

### **Discussant**

Midwest Finance Conference (August 2020)  
ITAM, Mexico City (June 2013)  
Mid-Atlantic Research Conference (March 2011).  
20<sup>th</sup> Annual Conference on Financial Economics and Accounting, Rutgers Business School (November 2009)  
McGill University conference (2008)  
Journal of Investment Management Conference, Boston (October 2007)  
Credit Risk Conference at the Federal Reserve Board (March 2007).  
American Finance Association (1997)  
European Finance Association (1993, 1994, 1995, 2003, 2006)  
Financial Management Association (1994, 1995)  
China International Finance Conference (2006, 2009)

### **Ad Hoc Referee (Selected Journals)**

Annals of Operations Research, European Financial Management, Financial Analyst Journal, Financial Review, Journal of Alternative Investments, Journal of Banking and Finance, Journal of Business, Journal of Derivatives, Journal of Finance, Journal of Financial Intermediation, Journal of Financial and Quantitative Analysis, Journal of Financial Services Research, Journal of Futures Markets, Journal of Hospitality Financial Management, Journal of Risk, Management Science, Quantitative Finance, Review of Derivatives Research, Review of Financial Studies

### **External Examiner and Grant Reviewer**

Hong Kong University Grants Commission (ongoing)  
National Science Foundation Review Panel (2005)

Faculty Research Grants, University of Massachusetts (2012-13)

### **Selected Media Appearances**

Talking Points AM, Larry Edelman, Boston Globe, 2/7/2019,  
<https://www.bostonglobe.com/business/2019/02/07/slack-going-public-without-raising-dime-what-gives/XcQY7BVyx4I1KuYr4rw30N/story.html>

Appearance on podcast on “Volatility Views”, Option Insider Ratio Network,  
1/23/2012, <http://www.theoptionsinsider.com/radio/?id=338>  
“Buy-Write Strategy Beats Buy and Hold,” Steven M. Sears, Barron’s, September  
2011  
“Curbing Volatility in the Primary Markets: What it Takes,” Imrana Moghul, The  
Analyst, ICFAI University Press, May 2008.

“Buy-Write Strategy Enhances Risk-Adjusted Returns: Study,” Martin de Sa’Pinto,  
Hedgeworld News, 1/29/2007.

“More Investors Flocking to Options,” Jessica Papini, Money Management Executive,  
2/5/2007.

“Wall Street Spreading the Word on Options,” Isabelle Clary, Pensions and  
Investments, 2/19/2007.

### **BUSINESS AND RELATED EXPERIENCE**

AurionPro Solutions Public Limited, 2005 – 2014.  
Independent Director, Corporate Board

Gifford Fong Associates, 2000-2002.  
Consultant for development of credit risk models.

Bear Stearns, Inc., New York, 1994-95.  
Associate in proprietary trading group.

Nirmal Jeevan Enterprise, Bombay  
Partner, 1986-89.

### **GOVERNMENT**

Office of Financial Research, United States Treasury  
Visiting Researcher, 2012